loans. A sum of Rs. 0·66 lakh has been provided for the Pallivasal scheme; an allotment of Rs. 4 lakhs is made for the completion of the Anamalais road; also two new irrigation schemes are proposed in the coming year, *viz.*, the Thottara Puncha Irrigation scheme and the Chalakkudi Irrigation scheme. The extension of the Railway—Edappilli-Harbour link—having been completed at a cost of Rs. 11·38 lakhs the total expenditure on Railway has risen to Rs. 117·17 lakhs and it is expected to bring in a return of 5·98 per cent in 1118 as against 6·86 per cent we received this year.

REVENUE RESERVE FUND

At the beginning of 1117 the Revenue Reserve Fund amounted to Rs. 14·75 lakhs. During the year, a sum of Rs. 10 lakhs was transferred to this Fund from the large surplus of last year (1116) thus raising it to Rs. 24·75 lakhs. A sum of Rs. 1 lakh has been taken from the Fund for special contribution for Rural Development and another lakh of rupees for contribution to H. M. I. S. Cochin. The balance in the Fund at the end of the current year will thus be Rs. 22·75 lakhs. From this we propose to allot Rs. 2 lakhs for special contribution for rural development in the year 1118 and we would then have Rs. 20·75 lakhs which may be of great use to us in future years for post-war reconstruction.

OUR DEBT POSITION

I shall now pass on to review our debt position and explain our ways and means.

The 5 per cent debenture loan of Rs. 75 lakhs raised in 1933 matures on 1st October 1943 and the question of its redemption will be engaging the attention of the Government in the near future. The 3½ per cent loan of Rs. 30 lakhs is maintaining a good position in the money market which thus indicates public confidence in the stability of our State finances. Our debt position at the end of 1118 is expected to stand at Rs. 236·49 lakhs consisting of debenture loans of Rs. 105 lakhs and balances at the credit of Provident Fund, Deposit Funds, etc., amounting to Rs. 131·49 lakhs. When our Sinking Funds, Cash balances, Investments in Government gilt-edged securities and the various loans and advances made to the agriculturists, industrialists, etc., are taken into account it would be seen that the debt burden is rather small and is more than covered up by our assets and investments on reproductive works, as would be clear from the statement of assets and liabilities attached to the budget before you.

WAYS AND MEANS

I shall now proceed to the ways and means programme for the coming year. Our working balance in the treasuries and banks is expected to amount to Rs. 33·62 lakhs at the close of the current year. During the next year we have to finance capital works to the extent of Rs. 6·33 lakhs. The revenue transactions of next year would bring in Rs. 3·2 lakhs as surplus. The several advances we have made when returned would leave with us over Rs. 3 lakhs. Again, the current year is expected to close with a surplus of Rs. 7·94 lakhs. Thus it would be seen that our current balances would normally suffice for meeting the requirements of 1118, even though as a matter of caution we have forecast a withdrawal from our investments to meet any unforseen developments. The year is thus expected to close with a cash balance of Rs. 38·63 lakhs.

CRANGANUR

The principality of Cranganur whose accounts are maintained separately repeats the old story of deficit budget—the expenditure for the growing administration having outgrown its static revenues. In spite of the contribution of Rs. 10,000 from the State the actuals of 1116 resulted in a deficit of Rs. 0·54 lakh. The deficit of Rs. 0·45 lakh anticipated in the budget estimate of the current year is expected to come to Rs. 0·41 lakh only mainly on account of increase in receipts—the revised estimate of revenue and expenditure being Rs. 1·93 lakhs and Rs. 2·34 lakhs against the budget estimates of Rs. 1·85 lakhs and Rs. 2·30 lakhs respectively—the main increase in revenue occurring under "Salt" on account of the larger revised contribution from the State. For the coming year, a revenue of Rs. 1·88 lakhs is anticipated against an expenditure of Rs. 2·39 lakhs leaving a deficit of Rs. 0·51 lakh. "Education" and "Medical" get larger allotments as in the State while the activities of all other departments are kept in the same level as in previous years. The usual contribution of Rs. 10,000 from the State is continued.

CONCLUSION

Sir, I have now finished. I have attempted to give the House as faithful and accurate a picture as I can of the financial position of the State for the years 1116, 1117 and 1118. With

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the actuals of 1116 most satisfactory, the revised figures of the current year equally hopeful, and the anticipations of the coming year quite reassuring—and all this in spite of the distressing circumstances created by a destructive War—we have reason to be confident that our State is proceeding along the right path of financial stability growing steadily from strength to strength with ample accumulated assets to fall back upon and with equally bright financial prospects to look forward to. We have been able to balance our budget always and that without either oppressing the people with the weight of taxation or sacrificing their needs for want of funds; our revenues are not entirely inelastic and our tax system is imbued with the principle of equity, its incidence being adjusted, especially after the recent amendments to the Income-tax Act, to the capacity of the tax-payer to pay. Our resources especially in our important commercial enterprises such as the "Harbour and Railway," have vast financial possibilities; the work the State has been doing in the cause of Education and Medical relief, in Rural uplift, in the Development of Cottage Industries, in the amelioration of the poor and the distressed, the backward and the helpless—is eloquently borne out by the figures in the past accounts and in the budget before you. And all these have earned for us a most enviable position among the sister States in India. Let us confidently hope that a far brighter future lies before us notwithstanding "the thunder, lightning and rain" brought in by the sombre war clouds which threaten our horizon in the immediate present and which we fervently pray may soon be cleared by a resounding allied VICTORY.

The House rose for the day at 1-30 p.m.

K. S. RAGHAVAN
Secretary to the Council

APPENDIX I

MINUTES OF THE STANDING FINANCE COMMITTEE MEETING

Monday, 13th July 1942 (29th Mithunam 1117)

The Standing Finance Committee of the Cochin Legislative Council met today at 12 noon in the Diwan's room in the Secretariat to scrutinise the Budget proposals for the year 1118 M. E.

Present

RAMA VARMHA TAMPURAN, *Secretary to Government* (Chairman)
M. R. Ry. C. J. MATHEW Avl., *Joint Secretary to Government*
„ P. V. RAPHAEL Avl., *Comptroller of Finance and Accounts*
„ C. N. ITTIRAVI NAMBUDIRI Avl.
„ T. S. RAMACHANDRA AYYAR Avl.
„ V. K. BHASKARA MENON Avl. and
„ K. S. RAGHAVAN Avl. *(Secretary)*

Supplementary Grants

The following items of Supplementary Grants were first taken up one by one.—

1. Rs. 150 under "1. Land Revenue (G) K. A. Samajam Contingencies".—Mr. V. K. Bhaskara Menon enquired whether the K. A. Samajam had not properties of its own to meet its expenses. It was explained that though the Samajam had some properties, the income therefrom was not sufficient to meet all its expenses. Item passed.

2. Rs. 1,805—13—0 under "1. Land Revenue—Capital".—Mr. V. K. Bhaskara Menon asked whether this was not a mere book-entry. It was explained that it is not a mere book-entry, but that we have to credit this amount to the account of the South Indian Railway Company. Item passed.

3. Rs. 750 under "2. Agriculture—A-2. Farm Operations—Casual labour".—Item passed.

4. Rs. 250 under "2. Agriculture—A-2. Farm Operations—Casual labour".—Mr. V. K. Bhaskara Menon suggested that the rate of 6 ps. sanctioned by Government as increase of wages per head per day to the casual labourers of the Central Farm may be raised to 1 anna. It was explained that the suggestion will be noted. Item passed.

5. Rs. 25 under "2. Agriculture—A—6—C. Gardens attached to Residential Quarters, (2) Other charges" by transfer from "2.a—6—(*a*)—Palace Gardens, (2) Other Charges".

6. Rs. 70 under "4. Co-operative Societies—Travelling allowance—Ordinary"—by transfer from "Registrar".

7. Rs. 1,030 under "13—Anchal (*e*) 2—Dearness allowance".

8. Rs. 300 under "16—Law and Justice—B—1—High Court—Office Expenses".

9. Rs. 100 under "23—Ayurveda—R. V. C. A. Hospital Establishment" by transfer from "Salary of the Superintendent".

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